

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
204 NORTH ROBINSON, SUITE 400  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

William David Lancaster (CRD #3188168),

Respondent.

ODS File 18-085

**FINAL ORDER**

The Administrator of the Oklahoma Department of Securities (“**Department**”) issues this Final Order against William David Lancaster (“**Respondent**”), pursuant to Section 1-411 of the Oklahoma Uniform Securities Act of 2004 (“**Act**”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011 and Supp. 2017). Based thereon, the Enforcement Division of the Department submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator of the Department in support of the issuance of an order against Respondent pursuant to Section 1-411 of the Act.

**Findings of Fact**

**Procedural**

1. On May 8, 2018, the Enforcement Division of the Department filed, with the Administrator, an Amended Enforcement Division Recommendation (“**Amended Recommendation**”) in support of the issuance of an order barring Respondent from registration in any capacity under the Act for twenty-four months.

2. On May 10, 2018, the Administrator issued a Notice of Opportunity for Hearing in accordance with 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (effective November 1, 2016) (“**Rules**”) and Section 1-411 of the Act. In the notice, Respondent was advised of his right to a hearing and his obligation to file an answer to the Amended Recommendation within fifteen (15) days after service of the notice. Respondent was further advised in the notice that failure to file an answer and request for hearing in compliance with 660:2-9-2 of the Rules would result in the issuance of an order barring Respondent from registration in any capacity under the Act for twenty-four (24) months.

3. On May 10, 2018, the Administrator also issued a Notice of Service on the Administrator and Affidavit of Compliance in which he attested that a copy of the Notice and Opportunity for Hearing, with the Amended Recommendation attached, and a copy of the Notice of Service on the Administrator and Affidavit of Compliance, were sent to the last known address of Respondent on May 10, 2018, by certified mail, return receipt requested, delivery restricted, in compliance with Section 1-611 of the Act.

4. On May 12, 2018, Respondent signed the return receipt for the May 10<sup>th</sup> mailing.

5. Respondent's deadline for filing an answer to the Amended Recommendation and requesting a hearing has expired, and no answer or request for hearing has been filed.

### **Background**

6. Respondent is an individual who has resided in Oklahoma at all material times.

7. Respondent was registered under the Act as an agent and investment adviser representative of Edward Jones from May 5, 1999 and January 23, 2007, respectively, until February 6, 2018.

8. On February 8, 2018, Respondent filed an application for registration under the Act as an agent and investment adviser representative of Arvest Wealth Management ("**Arvest**").

9. On March 27, 2018, the Enforcement Division of the Department filed, with the Administrator of the Department, an Enforcement Division Recommendation ("**Recommendation**") seeking the issuance of an order denying Respondent's application for registration under the Act as an agent and investment adviser representative of Arvest and imposing any other sanction deemed appropriate.

10. On March 28, 2018, Respondent voluntarily resigned from Arvest and terminated his pending application for registration.

11. On March 30, 2018, Respondent was served with the Recommendation and notice of his obligation to file an answer and his right to request a hearing to show why an order based on the Recommendation should not be issued.

12. Respondent did not file an answer or request a hearing, and the deadline for filing an answer and requesting a hearing passed.

13. The Enforcement Division of the Department filed the Amended Recommendation to modify the sanctions sought to be imposed against Respondent.

### **Misleading Application and Filing**

14. On approximately December 12, 2017, Edward Jones commenced an internal investigation relating to Respondent after a Field Supervision Director (“FSD”) for Edward Jones expressed concern that Respondent was using discretion in client accounts.

15. A Senior Compliance Resolution Investigator for Edward Jones (“Investigator”) was assigned to investigate the FSD referral.

16. On January 4, 2018, the Investigator spoke with Respondent regarding the FSD referral. The Investigator told Respondent that multiple commissions had been returned to customers and signs of discretion were present. During this conversation, Respondent affirmed that he used discretion for “maybe 20 [clients] but I can’t be certain, probably less,” and that he called the clients to let them know of the transactions but not necessarily on the same day as the trade.

17. The Investigator ended the January 4<sup>th</sup> conversation with disclosures that included, but were not limited to, that if Respondent resigned during the course of the investigation, his Form U5 would likely indicate that he resigned during the course of a compliance investigation into allegations of discretionary trading.

18. On January 9, 2018, the Investigator spoke with Respondent about scheduling a “compliance hearing” in early February.

19. On January 23, 2018, the Investigator again spoke with Respondent. During this conversation, the Investigator requested Respondent’s cell phone records for the year 2017 and explained that there was a concern with the use of discretion and that Respondent’s branch call logs did not show calls at the time of trade activity in certain accounts.

20. On January 24, 2018, the Investigator sent an email to Respondent confirming his prior request for Respondent’s personal cell phone records for the year 2017. In this email, the Investigator stated, “As discussed, this is required as part of my investigation.” The Investigator gave Respondent a deadline of Friday, January 26, 2018, to produce his cell phone records.

21. Respondent responded to the January 24<sup>th</sup> email on the same day.

22. On January 25, 2018, Respondent voluntarily resigned from Edward Jones.

23. On January 30, 2018, Arvest employed Respondent.

24. On February 6, 2018, Edward Jones filed a Form U5 for Respondent. The Form U5 stated that Respondent voluntarily resigned while “the Firm was reviewing concerns that the financial advisor used discretion in client accounts.”

25. On February 8, 2018, Respondent filed his application for registration under the Act as an agent and investment adviser representative of Arvest.

26. Respondent provided a written statement dated February 9, 2018, to Arvest. It stated that at the time Respondent resigned from Edward Jones on January 25<sup>th</sup>, “I had not been made aware either in writing or verbally that I was subject to any internal review.” This statement was submitted to the Department on approximately February 19, 2018, in connection with Respondent’s application for registration under the Act as an agent and investment adviser representative of Arvest.

27. On February 27, 2018, Respondent filed a purportedly sworn statement with the Administrator. In this statement, Respondent stated, “Prior to my resignation on January 25, 2018, I was not aware of any internal investigation or review.”

### **Use of Discretion**

28. During his association with Edward Jones, Respondent used discretion in an unknown number of customer accounts without written authorization from the respective customer and without the firm’s acceptance of the accounts.

29. One instance of Respondent’s use of discretion occurred in an account of customer JEB, an Oklahoma resident, on December 11, 2017. On December 12, 2017, Edward Jones contacted JEB who confirmed that she was not contacted by Respondent about the December 11<sup>th</sup> trade prior to the trade. Edward Jones subsequently cancelled the trade.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

### **Conclusions of Law**

1. Respondent has engaged in dishonest and unethical practices in the securities business within the previous ten years in violation of 660:11-5-42 of the

Rules by exercising discretion in customer accounts without prior written authorization and firm acceptance of the accounts.

2. Respondent filed an application for registration under the Act that contained a statement that, in light of the circumstances under which it was made, was false or misleading with respect to a material fact, and made a misleading filing in violation of Section 1-505 of the Act, by stating that he was not aware of any internal investigation or internal review prior to his resignation from Edward Jones.

3. The Administrator is authorized under Section 1-411 of the Act to impose a bar on Respondent.

4. It is in the public interest for the Administrator to impose a bar on Respondent.

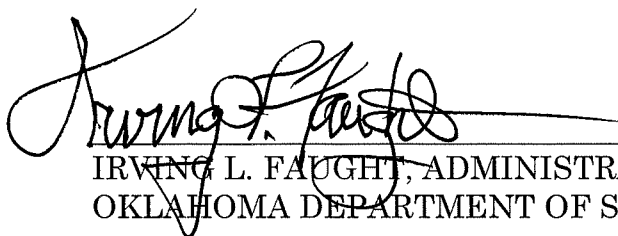
To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

**Order**

IT IS HEREBY ORDERED that Respondent is barred from registration in any capacity under the Act for twenty-four (24) months from the date of the issuance of this Order.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 20<sup>th</sup> day of June, 2018.

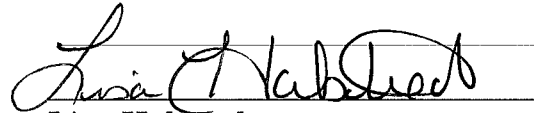
(SEAL)

  
IRVING L. FAUGHT, ADMINISTRATOR  
OKLAHOMA DEPARTMENT OF SECURITIES

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on the 20<sup>th</sup> day of June, 2018, a true and correct copy of the above and foregoing Final Order was sent by certified mail, return receipt requested, delivery restricted, to:

William D. Lancaster  
7104 S. Sycamore Ave.  
Broken Arrow, OK 74011

  
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Lisa Halstied